

Message Text

UNCLASSIFIED

PAGE 01 KUWAIT 00215 131014Z

10

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 HUD-02 AID-05 CIAE-00 FRB-01

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R 130839Z JAN 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 4474

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

USINT BAGHDAD

UNCLAS KUWAIT 0215

E.O. 11652: N/A

TAGS: BEXP, ECRE, KU

SUBJ: KUWAIT NATIONAL HOUSING AUTHORITY ACTIVITY

1. EMBOFF RECENTLY REVIEWED PROGRAMS OF KUWAIT NATIONAL HOUSING AUTHORITY (NHA) WITH ITS DIRECTOR AND UNDERSECRETARY OF HOUSING, ABDULLA DAKHEEL AL-RASHEED. IN LIGHT DAKHEEL'S BRIEFING IT APPARENT THAT NHA PROGRAM WILL BE EVEN LARGER THAN ORIGINALLY THOUGHT AND IN TERMS OF ITS BUDGET WILL BE AS LARGE AS ALL PETROLEUM-RELATED INDUSTRIAL PROJECTS COMBINED.

2. AS DEPARTMENT AWARE NHA WAS ESTABLISHED IN LATE 1974 AT INSISTENCE OF PARLIMENT, AND IT WAS GIVEN MANDATE TO QUOTE DO SOMETHING UNQUOTE ABOUT HOUSING CRISIS. FROM BEGINNING NHA HAS BEEN FAVOURED AND ALLOWED CONSIDERABLE FLEXIBILITY AND AUTONOMY AS WELL AS CONSIDERABLE MONEY; NATIONAL ASSEMBLY UITHORISED APPROXIMATELY \$750 MILLION FOR NHA WHEN IT WAS UNCLASSIFIED

UNCLASSIFIED

PAGE 02 KUWAIT 00215 131014Z

ESTABLISHED. ON OTHER HAND AGENCY IS UNDER GUN TO SHOW RESULTS

AS QUICKLY AS POSSIBLE, FOR HERE AS ELSEWHERE HOUSING IS POLITICALLY VERY SENSITIVE SUBJECT.

3. DAKHEEL, IN PART WITH USAID ASSISTANCE UNDER REIMBURSABLE TECHNICAL ASSISTANCE ARRANGEMENT, HAS BEEN CONCENTRATING ON DEVELOPING HIXJORGANIZATION AND PLANNING FOR KUWAITI HOUSING REQUIREMENTS. HOWEVER, HE ALSO HAS HAD TO SHOW PUBLIC THAT NHA WAS PRODUCING RESULTS. NHA HAS RECENTLY ENTERED INTO CONTRACT WITH JAPANESE CONSORTIUM, AND BEFORE LONG IT WILL HAVE CONCLUDED FOUR CONTRACTS WORTH KD 250 MILLION (KD 1 EQUALS \$3.50) FOR CONSTRUCTION OF 10,000 UNITS TO BE BUILT IN CONVENTIONAL MANNER. DAKHEEL SAID HE HAS FOUND US FIRMS CANNOT COMPETE WITH JANANESE IN BUILDING CONVENTIONAL UNITS ON LARGE SCALE.

4. HOWEVER, HE ANTICIPATES THAT US FIRMS WILL BE MOST COMPETITIVE FIRMS WHO WILL BUILD UNITS USING SYSTEMS APPROACH. IN LONG RUN NHA WANTS TO RELY ON SYSTEMS APPROACH AS MORE EFFECTIVE AND EFFICIENT MEANS OF BUILDING THOUSANDS OF HOUSES HERE. ONCE CONVENTIQKAL CONSTRUCTION HAS BEGUN THEREBY DEMONSTRATING TO PUBLIC AND PARLIMENT THAT NHA IS IN FACT QUOTE DOING SOMETHING UNQUOTE, NHA IS LIKELY TO SHIFT EMPHASIS TO SYSTEMS APPROACH. ULTIMATELY 35,000 UNITS WILL BE BUILT BY 1981.

5. EMBOFF NOTED THAT ORIGINAL \$750 MILLION HAS BEEN USED COMPLETELY IN CONVENTIONAL CONTRACTS, DAKHEEL NOTED, HOWEVER, THAT HE INTENDS TO SEEK AN ADDITIONAL KD 850 MILLION OR APPROX \$3 BILLION AND HE SAID HE WAS CONFIDENT HE COULD OBTAIN THIS AMOUNT OF FUNDING FROM LEGISLATURE.

6. COMMENT: GIVEN CRQICAL HOUSING SITUATION AND ITS POLITICAL SENSITIVITY WE TEND TO SHARE DAKHEEL'S VIEW THAT KUWAIT NATIONAL ASSEMBLY WILL NOT HESITATE FOR LONG IN APPROPRIATING VIRTUALLY WHATEVER HZQS KS. THOUGH A LARGWR REQUEST, IT IS NOT XRI-VOLOUS, AND DAKHEEL SHOULD BE ABLE TO DEMONSTRATE TO SATISFACTION OF DEPUTIES HIS NEED FOR FUNDS. ASSUMING PARLIMENT DOES AUTHORIZE ANOTHER \$3 BILLION OR SO FOR NHA, IT WILL THEREUPON BE UNDERTAKING A PROGRAM OF ABOUT \$4 BILLION. BY COMPARISON TOTAL COST OF MAJOR LPG PROJECT, LARGE NEW EXPORT REFINERY, TWO NEW MAJOR PETROCHEMICAL PLANTS AND ALL SHIPS AND TANKERS CURRENTLY ON ORDER OR EXPECTED TO BE ORDERED BY KUWAIT EXPECTED UNCLASSIFIED

UNCLASSIFIED

PAGE 03 KUWAIT 00215 131014Z

TO BE IN \$4 BILLION RANGE. THUS, NATIONAL HOUSING PROGRAM WHICH INCLUDES OTHER LARGE PROJECTS IN ADDITION TO WHAT NHA IS DOING, CAN BE EXPECTED TO BECOME LARGEST SINGLE PROGRAM HERE AND AN AREA OF PARTICULAR ATTENTION TO US COMPANIES IN HOUSING AREA, USING TERM IN BROAD SENSE. EMBASSY HOPES TO BE ABLE PREPARE COMPREHENSIVE REPORT ON KUWAIT HOUSING PROGRAMS BY EARLY SPRING.

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